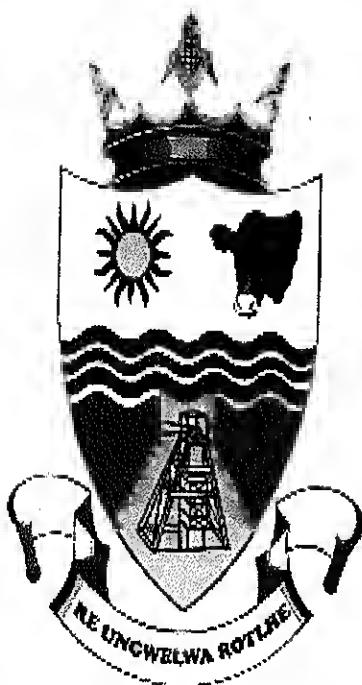


Joe Morolong

MUNICIPALITY



JOE MOROLONG
LOCAL MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2011

JOE MOROLONG LOCAL MUNICIPALITY

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JOE MOROLONG LOCAL MUNICIPALITY

MEMBERS OF THE JOE MOROLONG LOCAL MUNICIPALITY

MEMBERS OF COUNCIL

Councillor	E Molete	(Mayor)
Councillor	M Maneng	(Speaker)
Councillor	E Leshope	(Exco Member)
Councillor	D Moremi	(Exco Member)
Councillor	M Mbolekwa	(Exco Member)
Councillor	N Selebalo	(Exco Member)
Councillor	K Mosiapoapoa	
Councillor	M Nkgobang	
Councillor	J Freedman	
Councillor	M Nhlapo	
Councillor	V Jordan	
Councillor	T Tshipo	
Councillor	T Mokgoje	
Councillor	M Tihelo	
Councillor	N Mokwene	
Councillor	O Kaotsane	
Councillor	S Ortel	
Councillor	S Matshidiso	
Councillor	K Shuping	
Councillor	G Sephekololo	
Councillor	K Modise	
Councillor	E Molawa	
Councillor	G Moriri	
Councillor	D Kubang	
Councillor	P Segaecho	
Councillor	S Moagi	
Councillor	H Kgopodithata	
Councillor	D Josop	
Councillor	K Teteme	

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 47 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



P J Sampson
ACTING MUNICIPAL MANAGER

17. 10. 2011

Date

JOE MOROLONG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Restated) R
NET ASSETS AND LIABILITIES			
Net Assets		56 506 646	42 101 747
Accumulated Surplus		56 506 646	42 101 747
Non-Current Liabilities		2 425 908	2 998 878
Long-term Liabilities	1	2 425 908	2 998 878
Non-Current Provisions	2	-	-
Current Liabilities		42 712 676	36 296 657
Current Employee benefits	3	1 613 324	1 464 512
Provisions	4	-	-
Payables from exchange transactions	5	12 576 071	5 049 328
Unspent Conditional Government Grants and Receipts	6	27 662 246	28 164 451
Current Portion of Long-term Liabilities	1	861 035	1 618 366
Total Net Assets and Liabilities		101 645 229	81 397 283
ASSETS			
Non-Current Assets		65 094 899	44 740 985
Property, Plant and Equipment	8	64 703 021	44 391 892
Investment Property	9	-	-
Intangible Assets	10	48 309	22 043
Non-Current Investments	11	343 569	327 050
Current Assets		36 550 330	36 656 298
Inventory	12	1 228 940	517 872
Receivables from exchange transactions	13	16 700	11 500
Receivables from non-exchange transactions	14	64 929	159 808
Unpaid Conditional Government Grants and Receipts	6	327 315	800 478
Operating Lease Asset	15.1	-	-
Taxes	7	14 070 286	6 080 959
Cash and Cash Equivalents	16	20 842 159	29 085 680
Total Assets		101 645 229	81 397 283

JOE MOROLONG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R	Adjustments * R	2010 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		101 853 644	82 464 625	-	82 464 625
Transfer Revenue		101 853 644	82 464 625	-	82 464 625
Government Grants and Subsidies - Capital	17	11 981 589	21 146 051	(8 827 216)	29 973 267
Government Grants and Subsidies - Operating	17	89 793 554	61 318 574	8 827 216	52 491 358
Public Contributions and Donations		78 500	-	-	-
Revenue from Exchange Transactions		1 176 611	1 320 420	21 033	1 299 388
Interest Earned - external investments		893 107	1 094 515	21 033	1 073 483
Other Income	18	283 504	225 905	-	225 905
Total Revenue		<u>103 030 255</u>	<u>83 785 045</u>	<u>21 033</u>	<u>83 764 012</u>
EXPENDITURE					
Employee related costs	19	21 931 495	17 822 405	-	17 822 405
Remuneration of Councillors	20	4 957 198	5 216 727	-	5 216 727
Repairs and Maintenance		4 806 842	2 590 229	(742 931)	3 333 160
Finance Charges	21	467 132	593 222	479 182	114 040
Other Operating Grant Expenditure	22	36 205 591	21 817 400	10 480 754	12 724 887
General Expenses	23	20 257 099	15 679 587	(572 624)	16 252 211
Total Expenditure		<u>88 625 356</u>	<u>63 719 571</u>	<u>9 644 381</u>	<u>55 463 430</u>
Operating Surplus for the Year		<u>14 404 899</u>	<u>20 065 474</u>	<u>(9 623 349)</u>	<u>28 300 582</u>
NET SURPLUS FOR THE YEAR		<u>14 404 899</u>	<u>20 065 474</u>	<u>(9 623 349)</u>	<u>28 300 582</u>

* - Adjustments due to changes in accounting policy and correction of errors - Refer to notes 24 and 25

JOE MOROLONG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Accumulated Surplus	Total
	R	R
Balance at 1 JULY 2009	26 942 287	26 942 287
Correction of error - Refer to note 24.07	(4 906 014)	(4 906 014)
Restated Balance at 1 JULY 2009	22 036 274	22 036 274
Net Surplus for the year	20 065 474	20 065 474
Balance at 30 JUNE 2010	42 101 747	42 101 747
Net Surplus for the year	14 404 899	14 404 899
Balance at 30 JUNE 2010	56 506 646	56 506 646

JOE MOROLONG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		451 684	196 693
Government		101 746 102	85 557 343
Interest		893 107	1 094 515
Payments			
Suppliers and employees		(89 183 066)	(64 533 628)
Finance charges		(467 132)	(593 222)
Cash generated by operations	26	13 440 695	21 721 701
Net Cash from Operating Activities		13 440 695	21 721 701
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(20 311 129)	(27 141 993)
Purchase of Intangible Assets	10	(26 267)	(15 995)
Increase in Non-current Investments	11	(16 519)	(21 262)
Net Cash from Investing Activities		(20 353 914)	(27 179 250)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 330 300)	(252 154)
Net Cash from Financing Activities		(1 330 300)	(252 154)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8 243 522)	(5 709 704)
Cash and Cash Equivalents at the beginning of the year			
Cash and Cash Equivalents at the end of the year	27	29 085 680	34 795 384
		20 842 159	29 085 680
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8 243 522)	(5 709 704)

INSERT ACCOUNTING POLICY

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 101	Agriculture
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories
GRAP 16 – Investment Property
GRAP 17 – Property, Plant and Equipment
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
GRAP 102 – Intangible Assets

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 25	Employee Benefits Information to a large extent is already included in the notes to the annual financial statements, due to the fact that the principles included in GRAP 25 was used to formulate an accounting policy.	Unknown
GRAP 103	Heritage Assets No adjustments necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 104	Financial Instruments Information to a large extent is already included in the notes to the annual financial statements, due to the fact that the principles included in GRAP 104 was used to formulate an accounting policy...	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.7. LEASES

1.7.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 *Municipality as Lessor*

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

-
- the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.11. EMPLOYEE BENEFITS

(a) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.12. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of property, plant and equipment. The municipality opted to recognise depreciation at a provisional amount of zero.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of intangible assets. The municipality opted to recognise amortisation at a provisional amount of zero.

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.15.3 Depreciation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of intangible assets.

1.15.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

JOE MOROLONG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.16. NON-CURRENT ASSETS HELD FOR SALE

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of non-current assets held for sale.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of non-current assets held for sale.

1.18. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.19. INVENTORIES

1.19.1 *Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

The municipality opted to take advantage of the provision contained in Directive 4 relating to the measurement of inventory.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognized on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.20.1 *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.20.2 *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.2 Receivables

Receivables (loans and receivables) are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.3 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Outstanding payments on the cash book are disclosed under trade and other payables.

1.20.3 *De-recognition of Financial Instruments*

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21. REVENUE

1.21.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognized using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.21.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.22. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.27. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
1 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	3 423 985	3 975 017
Capitalised Lease Liability - At amortised cost	907 299	1 991 149
Balance previously reported		504 158
Correction of error - Refer to note 24.01		1 486 991
Less: Current Portion transferred to Current Liabilities	<u>4 331 283</u>	<u>5 966 166</u>
Annuity Loans - At amortised cost	861 035	1 618 366
Capitalised Lease Liability - At amortised cost	556 454	551 032
Balance previously reported	304 580	1 067 334
Correction of error - Refer to note 24.02		344 235
		723 099
Plus: Unamortised charges on loans	<u>3 470 249</u>	<u>4 347 800</u>
Balance 1 July	<u>(1 044 341)</u>	<u>(1 348 921)</u>
Balance previously reported		(1 877 925)
Correction of error - Refer to note 24.01		(1 677 925)
Unwinding of unamortised discount on concessionary loans (DBSA)	304 580	329 003
Balance previously reported		-
Correction of error - Refer to note 24.01		329 003
Total Long-term Liabilities - At amortised cost using the effective interest rate method	<u>2 425 908</u>	<u>2 998 878</u>

There is one annuity loan outstanding. The loans carries interest at 1% per annum and will be fully redeemed on 30 June 2017.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments
Amounts payable under annuity loans:	
Payable within one year	589 420
Payable within two to five years	2 357 882
Payable after five years	589 420
	<u>589 420</u>
Less: Future finance obligations	<u>3 536 522</u>
Present value of annuity obligations	<u>(112 538)</u>
	<u>3 423 986</u>
	<u>3 976 017</u>

The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	772 827
Payable within two to five years	176 837
Payable after five years	-
	<u>772 827</u>
Less: Future finance obligations	<u>949 664</u>
Present value of lease obligations	<u>(42 365)</u>
	<u>907 299</u>
	<u>1 991 149</u>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 8

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
2	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites		
	Total Non-current Provisions		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 42.1		
3	CURRENT EMPLOYEE BENEFITS		
	Staff Leave	1 613 324	1 464 512
	Total Current Employee Benefits	1 613 324	1 464 612
	The movement in current employee benefits are reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	1 464 512	362 867
	Contribution to current portion	148 812	1 101 645
	Balance at end of year	1 613 324	1 464 612
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement. The total balance was previously disclosed under provisions.		
4	PROVISIONS		
	Current Portion of Rehabilitation of Landfill Sites - Note 2		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 42.1		
5	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	12 549 588	5 038 543
	Payments received in advance	12 324	
	Sundry Creditors	14 159	10 785
	Total Trade Payables	12 676 071	5 049 328
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value.		
6	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	27 662 246	28 184 451
	National and Provincial Government Grants	27 662 246	28 184 451
	<u>Less:</u> Unpaid Grants	327 315	800 478
	National and Provincial Government Grants	327 315	800 478
	Total Conditional Grants and Receipts	27 334 931	27 353 973
	Refer to appendix D and note 17 for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
7	TAXES		
	VAT Receivable	14 070 286	6 080 959
	Net VAT receivable	14 070 286	6 080 969
	VAT is payable and receivable on the cash basis.		

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

8 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value	Opening Balance R	Cost Additions R	Closing Balance R	Carrying Value R
Land and Buildings	1,066,525	493,777	1,560,302	1,560,302
Infrastructure	32,643,375	13,742,577	46,385,952	46,385,952
Community Assets	1,681,927	1,980,565	3,662,491	3,662,491
Lease Assets	4,703,792	-	4,703,792	4,703,792
Other Assets	4,296,274	4,094,210	8,390,484	8,390,484
	44,391,892	20,311,129	64,703,021	64,703,021

30 JUNE 2010

Reconciliation of Carrying Value	Opening Balance R	Cost Additions R	Closing Balance R	Carrying Value R
Land and Buildings	1,066,525	-	1,066,525	1,066,525
Infrastructure	10,575,641	22,067,733	32,643,375	32,643,375
Balance previously reported	17,839,990	32,283,189	50,123,179	50,123,179
Correction of error - Refer to note 24.05	(7,264,349)	(10,215,456)	(17,479,805)	(17,479,805)
Community Assets	293,686	1,388,240	1,681,927	1,681,927
Balance previously reported	293,686	-	293,686	293,686
Correction of error - Refer to note 24.05	-	1,388,240	1,388,240	1,388,240
Lease Assets	3,469,620	1,234,172	4,703,792	4,703,792
Balance previously reported	1,038,889	153,430	1,192,319	1,192,319
Correction of error - Refer to note 24.05	2,430,731	1,080,742	3,511,472	3,511,472
Other Assets	1,844,426	2,451,848	4,296,274	4,296,274
Balance previously reported	1,850,474	2,467,843	4,318,317	4,318,317
Correction of error - Refer to note 24.05	(6,048)	(15,995)	(22,043)	(22,043)
	17,249,899	27,141,993	44,391,892	44,391,892

GRAP 17 - Property, Plant and Equipment

The Property,Plant and Equipment (PPE) register compiled in terms of the previous basis of accounting (IMFO) does not provide sufficient details to recognise PPE on a reasonable basis. The Municipality resolved to reconstruct the PPE register during the transitional period provided for in Directive 4, issued by the Accounting Standards Board (ASB), on the basis of a deemed cost determined in terms of Directive 7 issued by the ASB. The Municipality further resolved to recognise all PPE acquired during the previous basis of accounting at no value. (See Note 25.11 for more information). It is expected that the process of reconstructing the PPE register will be completed by 30 June 2012. The Municipality further opted not to recognise any depreciation for the period reported on, in terms of Directive 4.

No property, plant and equipment is used as security for long term liabilities, except asset acquired in terms of a finance lease agreement as disclosed in Appendix A to the financial statements

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment as indicated in the first paragraph above.

The municipality therefore also utilised the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
9	INVESTMENT PROPERTY		
	Net Carrying amount at 30 June		
	Cost		
	Accumulated Depreciation		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 42.3		
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
10	INTANGIBLE ASSETS		
	Net Carrying amount at 1 July	22 043	6 048
	Cost	22 043	6 048
	Balance previously reported		
	Correction of error - Refer to note 24.06		
	Accumulated Amortisation		
	Acquisitions		
	Balance previously reported		
	Correction of error - Refer to note 24.06		
	Net Carrying amount at 30 June	26 267	15 895
	Cost		
	Accumulated Amortisation		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 42.4		
11	NON-CURRENT INVESTMENTS		
	Fixed Deposits	343 569	327 050
	Total Non-Current Investments	<u>343 669</u>	<u>327 060</u>
	Fixed Deposits are investments with a maturity period of more than 12 months. The investment attracts an interest of 5.36 % per annum. (2010 - 6.95 %)		
	Fixed deposits consist out of the following accounts		
	ABSA Fixed Deposit - Account number 20-6360-4388	343 569	327 050
		<u>343 669</u>	<u>327 060</u>
12	INVENTORY		
	Consumables	1 228 940	517 872
		<u>1 228 940</u>	<u>517 872</u>
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 42.5		
13	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Rentals	16 700	11 500
	Balance previously reported		
	Correction of error - Refer to note 24.04		
	Total Service Receivables	522 505	
	Less: Allowance for Doubtful Debts	(511 005)	
	Net Service Receivables	<u>16 700</u>	<u>11 500</u>

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
14	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Accrued Interest	15 400	21 033
	Balance previously reported	-	21 033
	Correction of error - Refer to note 24.03	21 033	
	Deposits	20 100	20 100
	Other Debtors	29 428	118 676
	Balance previously reported	51 664	51 664
	Correction of error - Refer to note 24.03	67 012	67 012
	Total Service Receivables	64 929	159 808
	Less: Allowance for Doubtful Debts	-	-
	Total Net Receivables from Non-Exchange Transactions	64 929	159 808
15	OPERATING LEASE ARRANGEMENTS		
15.1	The Municipality as Lessor		
	Balance on 1 July	-	-
	Movement during the year	-	-
	Balance on 30 June	-	-
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	1 200	15 800
	1 to 5 Years	-	1 200
	More than 5 Years	-	-
	Total Operating Lease Arrangements	1 200	17 000
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2012		
15	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	18 882 596	20 638 166
	Primary Bank Account	1 959 563	8 447 514
	Total Cash and Cash Equivalents - Assets	20 842 169	29 085 680
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	All outstanding payments on the cash book are disclosed under trade and other payables.		
	The municipality has the following bank accounts:		
	Current Accounts		
	ABSA Bank - Kuruman Branch - Account Number 4054 38 5292 (Primary Account)		
	Cash book balance at beginning of year	8 447 514	15 208 226
	Cash book balance at end of year	1 959 563	8 447 514
	Bank statement balance at beginning of year	8 447 421	15 208 226
	Bank statement balance at end of year	1 959 563	8 447 421

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

<u>Call Investment Deposits</u>			2011 R	2010 R
Call investment deposits consist out of the following accounts:				
Institution	Account Nr	Type		
A8SA	90-9988-9345	32 Days Notice	1 923 619	1 855 903
A8SA	90-9268-8429	Call deposit	4 732 356	6 519 398
A8SA	91-5245-5805	Call deposit	1 954 389	1 887 834
Standard bank	54-8529973-001	Call deposit	-	4 590
Standard bank	54-8529973-002	Call deposit	5 271 232	5 183 165
FN8	62-2471-177-09	Call deposit	5 001 000	5 187 276
			18 882 596	20 638 166

17 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	47 482 892	38 467 586
Equitable Share	47 482 892	38 467 586
Conditional Grants	54 292 262	43 997 039
Grants and Donations	49 726 028	43 997 039
Subsidies	4 566 224	-
Total Government Grants and Subsidiies	101 776 144	82 464 626
Government Grants and Subsidies - Capital	11 981 589	21 146 051
Government Grants and Subsidies - Operating	89 793 554	61 318 574
	101 775 144	82 464 626

The municipality does not expect any significant changes to the level of grants.

17.01 Equitable share

Grants received	47 482 892	38 467 586
Conditions met - Operating	(47 482 892)	(38 467 586)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

17.02 Municipal Systems Improvement Grant (MSIG)

Opening balance	688 581	103 879
Grants received	750 000	850 000
Conditions met - Operating	(1 254 431)	(265 298)
Conditions met - Capital	(9 610)	-
Conditions still to be met	174 540	688 581

This grant was used to assist in building capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.

17.03 Finance Management Grant (FMG)

Opening balance	236 273	383 929
Grants received	1 200 000	1 000 000
Conditions met - Operating	(723 210)	(1 102 462)
Conditions met - Capital	(275 875)	(45 194)
Conditions still to be met	437 188	236 273

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
17.04 MIG		
Opening balance	17 880 630	12 537 714
Grants received	24 938 000	34 129 000
Conditions met - Operating	(18 835 169)	(10 215 456)
Conditions met - Capital	(10 963 418)	(18 570 628)
Conditions still to be met	<u>13 020 043</u>	<u>17 880 630</u>
MIG is a conditional grant that was established to address national priorities regarding municipal infrastructure that may not be realised through unconditional grants such as equitable share. Among other conditions no MIG funds may be spent outside the framework of the municipality's pre-existing Integrated Development Plan and its approved budget.		
17.05 Social Development		
Opening balance	1 011 760	2 400 000
Conditions met - Capital	(722 220)	(1 388 240)
Conditions still to be met	<u>289 540</u>	<u>1 011 760</u>
This grant is used for the improvement of the social welfare of the community.		
17.06 DW AFF Water Services		
Opening balance	(471 238)	3 242 647
Grants received	4 152 000	5 309 254
Conditions met - Operating	(3 680 764)	(8 882 978)
Conditions met - Capital	-	(140 159)
Conditions still to be met/(Grant expenditure to be recovered)	<u>-</u>	<u>(471 236)</u>
The grant is used for basic water services meaning Basic Water Supply Facilities/ or Basic Sanitation Facilities as defined in the Strategic Framework for Water Services, approved by Cabinet September 2003.		
17.07 ACIP Water and Sanitation		
Opening balance	2 659 699	-
Grants received	8 440 978	4 749 699
Conditions met - Operating	(8 046 211)	(2 090 000)
Conditions still to be met	<u>3 054 466</u>	<u>2 659 699</u>
This grant is utilised for the improvement of water and sanitation infrastructure in the community.		
17.08 Heuningvlei Bulk Water supply		
Opening balance	(242 025)	-
Grants received	-	759 804
Conditions met - Capital	-	(1 001 829)
Grant expenditure to be recovered	<u>(242 025)</u>	<u>(242 025)</u>
This grant is utilised for the improvement of water infrastructure in the community.		
17.09 Housing		
Opening balance	1 552 252	1 554 087
Grants received	9 926 008	-
Conditions met - Operating	(4 927 046)	(1 835)
Conditions still to be met	<u>6 551 214</u>	<u>1 552 252</u>
Housing grants was utilised for the development of erven and the erection of top structures.		
17.10 Water Services Subsidy		
Grants received	1 307 914	-
Conditions met - Operating	(1 307 914)	-
Conditions still to be met	<u>-</u>	<u>-</u>
The subsidy is utilised to ensure access to water for all residents in the municipal area.		

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
17.11 Proclaimed Roads Subsidy			
Grants received		3 258 310	-
Conditions met - Operating		<u>(3 258 310)</u>	-
Conditions still to be met		-	-
	The subsidy is utilised to upgrade the provincial road network in the municipal area.		
17.12 Other Grants			
Opening balance		4 048 039	4 048 997
Grants received		290 000	292 000
Conditions met - Operating		<u>(277 607)</u>	<u>(292 959)</u>
Conditions still to be met		<u>4 049 965</u>	<u>4 048 039</u>
17.13 Total Grants			
Opening balance		27 383 972	24 271 254
Grants received		101 746 102	85 557 343
Conditions met - Operating		<u>(89 793 554)</u>	<u>(61 318 574)</u>
Conditions met - Capital		<u>(11 981 589)</u>	<u>(21 148 051)</u>
Conditions still to be met		<u>27 334 931</u>	<u>27 363 972</u>
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts		27 682 246	28 164 451
Unpaid Conditional Government Grants and Receipts		<u>(327 315)</u>	<u>(800 478)</u>
		<u>27 334 931</u>	<u>27 363 973</u>
18 OTHER INCOME			
Renting Property		125 769	53 629
Sale of Pre-paid water		14 790	22 240
Tender Documents		23 550	32 832
Miscellaneous		<u>119 396</u>	<u>117 204</u>
Total Other Income		<u>283 504</u>	<u>226 905</u>
19 EMPLOYEE RELATED COSTS			
Employee Related Costs - Salaries and Wages		13 966 062	9 556 409
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		2 951 236	1 005 509
Travel, Motor Car, Accommodation, Subsistence and Other Allowances		2 935 983	4 339 389
Housing Benefits and Allowances		360 951	1 003 217
Overtime Payments		879 456	637 808
Bonuses		883 743	159 236
Contribution to leave		148 812	1 101 645
Relocation costs		-	14 730
Industrial Council Levy		5 252	4 463
Total Employee Related Costs		<u>21 931 495</u>	<u>17 822 405</u>
KEY MANAGEMENT PERSONNEL			
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.			
REMUNERATION OF KEY MANAGEMENT PERSONNEL			
<i>Remuneration of the Municipal Manager</i>			
Annual Remuneration		302 879	330 000
Housing Subsidy		17 000	17 000
Medical Aid		47 574	47 388
Transport Allowance		217 667	202 992
Other		27 053	-
UIF Contribution		1 497	1 497
Industrial Council Contribution		49	45
Total		<u>613 720</u>	<u>598 922</u>

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<i>Remuneration of the Corporate Services Manager</i>		
Annual Remuneration	221 007	285 813
Housing Subsidy	17 000	17 000
Transport Allowance	186 969	177 890
Pension	82 314	77 169
Other	42 931	-
UIF Contribution	1 497	1 497
Industrial Council Contribution	49	45
Total	551 768	569 414
<i>Remuneration of the Community Services Manager</i>		
Annual Remuneration	179 961	268 746
Housing Subsidy	17 000	17 000
Medical Aid	27 756	26 136
Transport Allowance	174 108	162 164
Pension	77 399	72 597
Other	45 740	-
UIF Contribution	1 497	1 497
Industrial Council Contribution	49	45
Total	623 510	548 185
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	188 299	296 508
Housing Subsidy	41 000	41 000
Medical Aid	41 034	39 192
Transport Allowance	169 849	156 672
Pension	85 394	80 057
Other	19 186	-
UIF Contribution	1 497	1 497
Industrial Council Contribution	49	45
Total	546 309	614 970
<i>Remuneration of the Technical Services Manager</i>		
Annual Remuneration	168 881	285 813
Housing Subsidy	17 000	17 000
Medical Aid	52 146	49 800
Transport Allowance	186 969	177 890
Pension	82 314	77 169
Other	51 043	-
UIF Contribution	1 497	1 497
Industrial Council Contribution	49	45
Total	659 880	609 214
<i>Remuneration of the Integrated Development Planning Manager</i>		
Annual Remuneration	206 853	227 516
Housing Subsidy	17 000	15 583
Medical Aid	56 346	47 498
Transport Allowance	159 497	136 094
Other	31 070	-
UIF Contribution	1 497	1 497
Industrial Council Contribution	49	45
Total	472 313	428 233

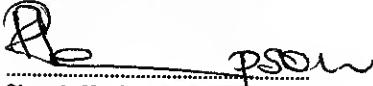
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REMUNERATION OF COUNCILLORS

Mayor	550 199	676 233
Speaker	443 664	523 558
Councillors	3 963 335	4 016 935
Total Councillors' Remuneration		
	4 957 198	5 216 727

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are *within* the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Signed: Municipal Manager

JOE MOROLONG MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
21	FINANCE CHARGES		
	DBSA Loan - Actual	38 388	44 104
	DBSA Loan - Unamortised discount charges	304 580	329 003
	Finance leases	124 164	220 114
	Total finance charges	467 132	593 222
22	OTHER OPERATING GRANT EXPENDITURE		
	Expenditure to the value of R 0 (2010 - R 7 575 230) relating to the provision of water services are included in other operating grant expenditure.		
23	GENERAL EXPENSES		
	Advertisements	434 504	427 027
	Audit Fees	915 731	872 699
	Bank Charges	85 220	82 392
	Capacity Building	337 624	258 260
	Cell phones	721 517	578 495
	Cemeteries	253 603	48 028
	Ceremonial events	88 872	365 118
	Community participation	728 339	323 944
	Consultancy fees	109 420	1 853 299
	Electricity consumption	1 109 403	625 052
	Fuel and oil	2 947 128	2 430 418
	Indigent subsidies	3 630 290	2 683 622
	Insurance	695 047	564 888
	Legal cost	547 599	313 419
	Private security	348 507	288 077
	Pump operators cost	1 131 220	859 058
	Name Branding	1 158 224	85 454
	Skills development levy	232 793	115 709
	SMME support	119 060	432 623
	Sports, Arts & culture	11 043	47 872
	Subsistence & travelling	1 614 009	665 088
	Telephone	549 245	223 223
	Ward committees expenses	279 264	210 902
	Other	2 211 435	1 313 028
	General Expenses	20 257 099	15 679 687
24	CORRECTION OF ERROR IN TERMS OF GRAP 3		2010 R
24.01	LONG TERM LIABILITIES		
	Balance previously reported	3 583 907	
	First time recognition of discount received on concessionary loan received from ODSA on 1 July 2009 - Refer to note 24.07	(1 677 925)	
	Unwinding of unamortised finance charges on concessionary loan during 2009/2010 - Refer to note 25	329 003	
	Correction of finance lease assets on 30 June 2009 - Refer to note 24.05	2 430 731	
	Correction of finance lease assets on 30 June 2010 - Refer to note 24.05	1 080 742	
	Correction of redemption on finance leases up to 30 June 2009 - Refer to note 24.07	(1 124 403)	
	Correction of redemption on finance leases during 2009/2010 - Refer to note 25	(900 078)	
	Correction of current portion of finance leases - Refer to note 24.02	(723 099)	
		2 998 878	
24.02	CURRENT PORTION OF LONG TERM LIABILITIES		
	Balance previously reported	896 268	
	Correction of current portion of finance leases - Refer to note 24.01	723 099	
		1 618 366	
24.03	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Balance previously reported	71 764	
	Accrued interest incorrectly not recognised on 30 June 2010 - Refer to note 25	21 033	
	Correction of balance outstanding from councillors - Refer to note 24.07	68 922	
	Write down unsupported debtor account - Refer to note 24.07	(1 910)	
		159 808	

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010 R
24.04 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Balance previously reported		522 505
Correction of rental balance - Refer to note 24.07		(511 005)
		<u>11 500</u>
24.05 PROPERTY PLANT AND EQUIPMENT		
Balance previously reported		56 994 027
VIP toilets incorrectly capitalised in 2009/2010 - Refer to note 25		(10 215 456)
VIP toilets incorrectly capitalised in 2008/2009 - Refer to note 24.07		(7 264 349)
Reallocation of intangible assets purchased during 2008/2009 - Refer to note 24.06		(6 048)
Reallocation of intangible assets purchased during 2009/2010 - Refer to note 24.06		(15 995)
Correction of finance lease assets on 30 June 2009 - Refer to note 24.01		2 430 731
Correction of finance lease assets on 30 June 2010 - Refer to note 24.01		1 080 742
Early Learning Centre incorrectly not capitalised - Refer to note 25		1 388 240
		<u>44 391 892</u>
24.06 INTANGIBLE ASSETS		
Balance previously reported		-
Reallocation of intangible assets purchased during 2008/2009 - Refer to note 24.05		6 048
Reallocation of intangible assets purchased during 2009/2010 - Refer to note 24.05		15 995
		<u>22 043</u>
24.07 ACCUMULATED SURPLUS		
First time recognition of discount received on concessionary loan received from DBSA on 1 July 2009 - Refer to note 24.01		1 677 925
Correction of rental balance - Refer to note 24.04		(511 005)
Correction of balance outstanding from councillors - Refer to note 24.03		88 922
Write down unsupported debtor account - Refer to note 24.03		(1 910)
VIP toilets incorrectly capitalised in 2008/2009 - Refer to note 24.05		(7 264 349)
Correction of redemption on finance leases up to 30 June 2009 - Refer to note 24.01		1 124 403
		<u>(4 906 014)</u>
RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR REPORTED UNDER IMFO AND GRAP		
Balance previously reported in IMFO		28 300 582
Unwinding of unamortised finance charges on concessionary loan during 2009/2010 - Refer to note 24.01		(329 003)
Accrued interest incorrectly not recognised on 30 June 2010 - Refer to note 24.03		21 033
MSIG grant expenditure incorrectly recognised as other general expenditure		-
Effect on general expenses		265 298
Effect on operating grant expenditure		(265 298)
VIP toilets Incorrectly capitalised in 2009/2010 - Refer to note 24.05		(10 215 456)
Early Learning Centre incorrectly not capitalised - Refer to note 24.05		1 388 240
Adjustment in government grants and subsidies due to reallocation of VIP toilets		-
Government Grants and Subsidies - Capital		(10 215 456)
Government Grants and Subsidies - Operating		10 215 456
Adjustment in government grants and subsidies due to capitalisation of the Early Learning Centre		-
Government Grants and Subsidies - Capital		1 388 240
Government Grants and Subsidies - Operating		(1 388 240)
Correction of interest charges on finance leases		-
Effect on repairs and maintenance		150 179
Effect on finance charges		(150 179)
Correction of redemption on finance leases during 2009/2010 - Refer to note 24.01		900 078
Effect on general expenses		307 326
Effect on repairs and maintenance		592 752
		<u>20 065 474</u>

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R		
26	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS				
	Surplus for the year	14 404 899	20 065 474		
	<u>Adjustments for:</u>				
	Contribution to employee benefits – current	148 812	1 101 645		
	Grants Received	101 746 102	85 557 343		
	Grant Expenditure	<u>(101 775 144)</u>	<u>(82 464 625)</u>		
	Operating Surplus before changes in working capital	14 524 669	24 259 837		
	Changes in working capital	<u>(1 083 974)</u>	<u>(2 538 136)</u>		
	Increase in Payables from exchange transactions	7 526 742	664 812		
	Increase in Taxes (Receivable)	<u>(7 989 327)</u>	<u>(2 655 864)</u>		
	Increase in Inventory	(711 068)	(517 872)		
	Increase in Receivables from exchange transactions	(5 200)	(8 179)		
	(Increase)/Decrease in Receivables from non-exchange transactions	94 880	(21 033)		
	Cash generated by operations	<u>13 440 695</u>	<u>21 721 701</u>		
27	CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents included in the cash flow statement comprise the following:				
	Call Investments Deposits - Note 16	18 882 596	20 638 166		
	Bank - Note 16	1 959 563	8 447 514		
	Total cash and cash equivalents	<u>20 842 169</u>	<u>29 085 680</u>		
28	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
	Cash and Cash Equivalents - Note 27	20 842 159	29 085 680		
	Investments - Note 11	343 569	327 050		
	Less:				
	Unspent Committed Conditional Grants - Note 6	21 185 728	29 412 730		
	Resources available for Working capital requirements	27 662 246	28 164 451		
		<u>(6 476 518)</u>	<u>1 248 280</u>		
29	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
	Long-term Liabilities - Note 1	4 331 283	5 966 166		
	Used to finance property, plant and equipment - at cost	<u>(4 331 283)</u>	<u>(5 966 166)</u>		
	Cash set aside for the repayment of long-term liabilities	-	-		
	Cash invested for repayment of long-term liabilities	-	-		
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 1% and will be fully redeemed on 30 June 2017.				
30	BUDGET COMPARISONS				
		2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
30.1	Operational				
	Revenue by source				
	Government Grants and Subsidies	101 775 144	60 214 000	41 561 144	69%
	Public Contributions and Donations	78 500	-	78 500	100%
	Interest Earned - external investments	893 107	1 500 000	(606 893)	(40%)
	Other Revenue	283 504	14 518 000	(14 234 496)	(98%)
		<u>103 030 265</u>	<u>76 232 000</u>	<u>26 798 265</u>	<u>35%</u>

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 % (%)
30.2	Expenditure by Vote				
Executive & Council		9 974 703	9 370 000	604 703	6%
Finance & Admin		12 869 629	9 518 000	3 351 629	35%
Community & Social Services		2 695 928	1 985 000	710 928	36%
Water		15 311 949	-	15 311 949	100%
Planning & Development		13 709 474	18 685 000	(4 975 526)	(27%)
Funds		34 063 675	28 365 000	5 698 675	20%
		88 626 356	67 923 000	20 702 366	30%
30.3	Capital expenditure by vote				
Executive & Council		550	-	550	100%
Finance & Admin		771 846	-	771 846	100%
Community & Social Services		1 155 474	2 400 000	(1 244 526)	(52%)
Housing		-	1 379 000	(1 379 000)	(100%)
Technical Services		17 656 026	51 798 000	(34 141 974)	(66%)
Water		478 423	10 225 000	(9 746 577)	(95%)
		19 583 897	65 802 000	(36 993 103)	(66%)
31	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			2011 R	2010 R
31.1	<u>Unauthorised expenditure</u>				
Reconciliation of unauthorised expenditure:					
Opening balance		3 209 498		-	
Unspent grant funding utilised in operating expenditure		8 478 518		-	
Unauthorised expenditure current year - capital		772 396		571 556	
Unauthorised expenditure current year - operating		25 877 883		2 837 942	
Unauthorised expenditure awaiting authorisation		36 136 295		3 209 498	
	Incident	Disciplinary steps/criminal proceedings			
	Overexpenditure on votes and unspent grant funding utilised in operating expenditure	None			
31.2	<u>Fruitless and wasteful expenditure</u>				
Reconciliation of fruitless and wasteful expenditure:					
Opening balance		66 800		66 800	
Fruitless and wasteful expenditure current year		66 800		66 800	
Fruitless and wasteful expenditure awaiting condonement		66 800		66 800	
	Incident	Disciplinary steps/criminal proceedings			
	VAT Scam	None			
31.3	<u>Irregular expenditure</u>				
Reconciliation of irregular expenditure:					
Opening balance		39 397 548		6 261 332	
Irregular expenditure current year		22 272 131		33 136 216	
Irregular expenditure awaiting condonement		61 669 679		39 397 548	
	Incident	Disciplinary steps/criminal proceedings			
	Non-compliance with Supply Chain Management Policy	None			
		22 272 131		33 136 216	
32	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
32.1	<u>Contributions to organised local government - [MFMA 126 (1)(b)] - SALGA CONTRIBUTIONS</u>				
Council subscriptions		100 000		100 000	
Amount paid - current year		(100 000)		(100 000)	
Balance unpaid		-		-	

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
32.2 Audit fees - [MFMA 126 (1)(b)]		
Opening balance		
Current year audit fee	977 490	875 986
Amount paid - current year	(131 331)	(875 986)
Balance unpaid (included in payables)	846 169	-
	846 169	-
32.3 VAT - [MFMA 126 (1)(b)]		
Opening balance	6 080 959	3 425 095
Amounts received	(788 025)	(5 583 529)
Amounts claimed	8 757 352	8 239 393
Closing balance	14 070 286	6 080 959
	14 070 286	6 080 959
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
All VAT returns were not submitted by the due date throughout the year.		
32.4 PAYE, SDL and UIF - [MFMA 126 (1)(b)]		
Current year payroll deductions and Council Contributions	3 958 817	3 034 720
Amount paid - current year	(3 956 617)	(3 034 720)
Balance unpaid	-	-
	-	-
32.6 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Current year payroll deductions and Council Contributions	5 055 011	3 991 562
Amount paid - current year	(5 055 011)	(3 991 562)
Balance unpaid	-	-
	-	-
32.6 Councillor's arrear accounts - [MFMA 126 (1)(b)]		
	Outstanding, more than 90 days	Outstanding more than 90 days
Balance beginning of year	118 530	336 799
Received during the year	(101 572)	(218 269)
Balance end of year	16 958	118 530
	16 958	118 530

These outstanding balances originated from the over payment of councillor remuneration. The municipality is in process to recover these outstanding moneys. Furthermore, these payments constitute a loan in contravention of Section 164 (1)(c) of the MFMA.

32.7 Other non-compliance

Section 126 of MFMA - The municipality must prepare and submit the annual financial statements within 2 months after year end to the Auditor General for auditing. The annual financial statements was only signed on the 17 October 2011 and submitted to the Auditor General.

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
33	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	-	36 763 546
	Approved but not yet contracted for	-	22 591 454
	Total	-	69 365 000
	This expenditure will be financed from:		
	External Loans	-	1 092 000
	Government Grants	-	57 367 000
	District Council Grants	-	896 000
		-	69 355 000

There are no capital commitments on 30 June 2011. There are however a top structure commitment (financed from MIG) .

Supply and delivery of 1541 Sanitation Units (Sealed Pits)	6 079 411	-
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34 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

0.5% (2010 - 0.5%) Increase in interest rates	89 494	123 977
0.5% (2010 - 0.5%) Decrease in interest rates	(89 494)	(123 977)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

No trade and other receivables are pledged as security for financial liabilities.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange and non-exchange	81 629	171 308
Cash and Cash Equivalents	20 842 159	29 085 680
Unpaid conditional grants and subsidies	327 315	800 478
	<u>21 251 103</u>	<u>30 057 467</u>

(a) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 6 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities - DBSA loan	589 420	2 357 682	589 420	-
Capital repayments	556 454	2 282 529	585 001	-
Interest	32 966	75 152	4 419	-
Long Term liabilities - Finance Leases	772 827	176 837	-	-
Capital repayments	731 762	175 537	-	-
Interest	41 085	1 300	-	-
Payables from exchange transactions	12 583 747	-	-	-
Unspent conditional government grants and receipts	27 662 248	-	-	-
	<u>41 588 240</u>	<u>2 534 518</u>	<u>589 420</u>	<u>-</u>
2010				
Long Term liabilities - DBSA loan	589 420	2 357 682	1 178 841	-
Capital repayments	551 032	2 259 797	1 164 188	-
Interest	38 388	97 885	14 653	-
Long Term liabilities - Finance Leases	1 208 014	949 664	-	-
Capital repayments	1 083 850	907 299	-	-
Interest	124 164	42 365	-	-
Payables from exchange transactions	5 049 328	-	-	-
Unspent conditional government grants and receipts	28 164 451	-	-	-
	<u>35 011 213</u>	<u>3 307 346</u>	<u>1 178 841</u>	<u>-</u>

36	FINANCIAL INSTRUMENTS		2011 R	2010 R
The fair value of financial instruments approximates the amortised costs as reflected below.				
36.1	Financial Assets	Classification		
	Investments			
	Fixed Deposits	At amortised cost	343 569	327 050
	Receivables			
	Receivables from exchange transactions	At amortised cost	16 700	11 500
	Receivables from non-exchange transactions	At amortised cost	64 929	159 808
	Unpaid Conditional Grants and Receipts			
	Other Spheres of Government	At amortised cost	327 315	800 478
	Short-term Investment Deposits			
	Call Deposits	At amortised cost	18 882 596	20 638 166

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

			2011 R	2010 R
Bank Balances and Cash				
Bank Balances	At amortised cost		1 959 563	8 447 514
			<u>21 594 572</u>	<u>30 384 517</u>
SUMMARY OF FINANCIAL ASSETS				
At amortised cost			21 594 672	30 384 517
			<u>21 594 672</u>	<u>30 384 517</u>
36.2 Financial Liability	Classification			
Long-term Liabilities				
Annuity Loans	At amortised cost		3 423 985	3 975 017
Capitalised Lease Liability	At amortised cost		907 299	1 991 149
Payables from exchange transactions				
Trade creditors	At amortised cost		12 549 588	5 038 543
Other Creditors	At amortised cost		14 159	10 785
Unspent Conditional Grants and Receipts				
Other Spheres of Government	At amortised cost		27 562 245	28 164 451
Current Portion of Long-term Liabilities				
Annuity Loans	At amortised cost		556 454	551 032
Capitalised Lease Liability	At amortised cost		304 580	1 067 334
			<u>45 418 311</u>	<u>40 798 311</u>
SUMMARY OF FINANCIAL LIABILITY				
At amortised cost			<u>45 418 311</u>	<u>40 798 311</u>
36 EVENTS AFTER THE REPORTING DATE				
The former District Management Areas (Hotazel and Van Zylsrus), which were administered by the District Municipality were transferred on 1 July 2011 to the municipality. It is expected that this transfer will have a significant effect on the financial statements for the year ending 30 June 2012.				
37 IN-KIND DONATIONS AND ASSISTANCE				
The municipality did not receive any in-kind donations or assistance during the year under review.				
38 PRIVATE PUBLIC PARTNERSHIPS				
Council has not entered into any private public partnerships during the financial year.				
39 CONTINGENT LIABILITY				
None				
40 RELATED PARTIES				
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
40.1 Compensation of key management personnel				
The compensation of key management personnel is set out in note 19 to the Annual Financial Statements.				
40.2 Other related party transactions				
The following purchases were made during the year where Councillors or staff have an interest:				
None				
Refer to note 32.5 for balances outstanding from councillors as a result of over payments in the previous years				

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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RETIREMENT FUNDS

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in the principles of GRAP 25 as adopted by the municipality.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data is to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

42

TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

42.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of measuring all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

42.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not measured in terms of the transitional provisions relating to those standards.

42.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.

The municipality is currently in the process of measuring all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

JOE MOROLONG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure or measure all the Intangible Assets in accordance with the standard, including the following:

- * Computer Software;
- * Intangible assets financed by way of finance leases;
- * Intangible assets transferred as a result of the transfer of functions; and
- * Servitudes.

The municipality is currently in the process of measuring all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2012 financial statements. It is possible that certain intangible assets are currently being measured as Property, Plant and Equipment.

42.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

Land held for sale
Water
Consumables

The municipality is currently in the process of measuring all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

APPENDIX A - Unaudited
JOE MOROLONG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Correction	Balance at 30 JUNE 2010 Restated	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS								
DBSA	1%	101251	2017	3 975 017	-	3 975 017	(551 032)	3 423 985
Total Annuity Loans				3 975 017	-	3 975 017	(551 032)	3 423 985
LEASE LIABILITY								
Finance Leases				504 158	1 486 991	1 991 149	(1 083 850)	907 299
Total Lease Liabilities				504 158	1 486 991	1 991 149	(1 083 850)	907 299
TOTAL EXTERNAL LOANS				4 479 175	1 486 991	5 966 166	(1 634 882)	4 331 284

APPENDIX B - Unaudited
JOE MOROLONG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 270 687	(6 515 172)	(5 244 486)	Council	13 195 571	(7 477 157)	5 718 415
111 489	(1 831 161)	(1 719 672)	Municipal Manager	78 291	(2 497 546)	(2 419 255)
-	(6 567 863)	(6 567 863)	Corporate Services	-	(8 684 191)	(8 684 191)
-	(2 151 554)	(2 151 554)	Community Services	-	(2 695 928)	(2 695 928)
37 246 850	(3 421 449)	33 825 401	Finance	35 211 274	(4 185 438)	31 025 836
40 068	(5 703 108)	(5 663 040)	Technical Services	1 457 384	(8 697 951)	(7 240 567)
-	(1 960 263)	(1 960 263)	Planning & Development	3 258 310	(5 011 522)	(1 753 212)
12 000	-	12 000	London Farm 273	-	-	-
1 106 912	(12 718 013)	(11 611 101)	Water Service Unit	1 487 396	(15 311 949)	(13 824 553)
43 997 039	(22 850 988)	21 146 051	Funds	48 342 028	(34 063 675)	14 278 353
83 785 045	(63 719 571)	20 065 474	Sub Total	103 030 255	(88 625 356)	14 404 899
-	-	-	Less Inter-Departmental Charges	-	-	-
83 785 045	(63 719 571)	20 065 474	Total	103 030 255	(88 625 356)	14 404 899

APPENDIX C - Unaudited
JOE MOROLONG LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 382 176	(8 346 333)	(6 964 157)	Executive & Council	13 273 862	(9 974 703)	3 299 159
37 246 850	(9 989 312)	27 257 538	Finance & Admin	35 211 274	(12 869 629)	22 341 645
-	(2 151 554)	(2 151 554)	Community & Social Services	-	(2 695 928)	(2 695 928)
40 068	(7 663 371)	(7 623 303)	Planning & Development	4 715 694	(13 709 474)	(8 993 780)
1 106 912	(12 718 013)	(11 611 101)	Water	1 487 396	(15 311 949)	(13 824 553)
12 000	-	12 000	Other	-	-	-
43 997 039	(22 850 988)	21 146 051	Funds	48 342 028	(34 063 675)	14 278 353
83 785 045	(63 719 571)	20 065 474	Sub Total	103 030 255	(88 625 356)	14 404 899
-	-	-	Less Inter-Departmental Charges	-	-	-
83 785 045	(63 719 571)	20 065 474	Total	103 030 255	(88 625 356)	14 404 899

APPENDIX D - Unaudited
JOE MOROLONG LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2010	Correction of error	Restated balance 1 JULY 2010	Grants Received	Operating Expenditure during the year	Capital Expenditure during the year	Balance 30 JUNE 2011
	R	R	R	R	R	R	R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
Equitable Share	-	-	-	47 482 892	47 482 892	-	-
Roads Subsidy	-	-	-	3 258 310	3 258 310	-	-
Water Services Subsidy	-	-	-	1 307 914	1 307 914	-	-
Valuation Roll	1 574 196	-	1 574 196	-	-	-	1 574 196
Social Development	1 011 760	-	1 011 760	-	-	722 220	289 540
Grant Cassel	(87 217)	-	(87 217)	290 000	277 607	10 486	(85 290)
Finance Management Grant	236 273	-	236 273	1 200 000	723 210	275 875	437 188
Kgalagadi Grants	768 453	-	768 453	-	-	-	768 453
DWAFF	(471 236)	-	(471 236)	4 152 000	3 680 764	-	-
Drought Relief	360 145	-	360 145	-	-	-	380 145
Sports Development	350 486	-	350 486	-	-	-	350 486
MIG	17 880 630	-	17 880 630	24 938 000	18 835 169	10 963 418	13 020 043
Refurbishment Grant	1 067 366	-	1 067 366	-	-	-	1 067 366
Municipal System Improvement	688 581	-	688 581	750 000	1 254 431	9 810	174 540
Transnet Donation	6 285	-	6 285	-	-	-	6 285
Premises Cleaning Project	8 325	-	8 325	-	-	-	8 325
Heuningvlei Bulk Water supply	(242 025)	-	(242 025)	-	-	-	(242 025)
ACIP Water and Sanitation	2 659 699	-	2 659 699	8 440 978	8 046 211	-	3 054 466
Housing Grants	1 552 252	-	1 552 252	9 926 008	4 927 046	-	6 551 214
Total	27 363 973	-	27 363 973	101 746 102	89 793 554	11 981 589	27 334 931